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Via: Federal eRulemaking Portal: <https://www.regulations.gov>
Environmental Protection Agency Docket No. EPA-HQ-OAR-2020-0104; FRL-10012-26-OAR

Re: E85 Flexible Fuel Vehicle Weighting Factor (F-factor) for Model Years 2021 and Later Vehicles (85 Fed. Reg. 52,590; August 26, 2020)

The Renewable Fuels Association (RFA) appreciates the opportunity to provide comments on the notice regarding E85 Flexible Fuel Vehicle Weighting Factor (F-factor) for Model Years 2021 and Later Vehicles.

RFA is the leading national trade association representing U.S. fuel ethanol producers. Its mission is to advance the development, production, and use of low-carbon ethanol by strengthening America's ethanol industry and raising awareness about the benefits of renewable fuels. Founded in 1981, RFA serves as the premier forum for industry leaders and supporters to discuss ethanol policy, regulation, and technical issues. RFA's 300-plus members are working daily to help America become cleaner, safer, more energy secure, and economically vibrant.

RFA appreciates EPA and the Department of Transportation (DOT) for recognizing the need to provide certainty to the auto manufacturers with an F-factor which is used to weight the greenhouse gas (GHG) emissions and the Corporate Average Fuel Economy program compliance for weighting the measured fuel economy of flexible fuel vehicles (FFV) when operating on E85 for purposes of their planning for MY 2020 and beyond.

- 1. RFA supports EPA's adoption of an approach that ensures the F-factor does not default to zero in the absence of future F-factor guidance.**

Historically, when EPA has failed to issue timely F-factor guidance for specific model years, the agency's approach has been to let the F-factor revert to zero. In addition, EPA has historically neglected to finalize prospective F-factor guidance with enough lead time for planning and preparation by auto manufacturers. In one case, EPA's F-factor guidance was issued well after vehicle production had already begun for that model year (EPA did not finalize the MY2019 F-

factor until August 2019, long after decisions had already been made by automakers regarding FFV model offerings and production volumes for MY2019). EPA's historical approach to publishing F-factor guidance has created significant uncertainty and, ultimately, discouraged automakers from producing more FFVs.

Thus, RFA strongly supports EPA's new approach of keeping the 0.14 F-factor in place beyond MY2020 in the absence of new guidance, rather than allowing the F-factor to revert to zero. This approach should help provide confidence and longer-term certainty to auto manufacturers and other affected stakeholders. However, as discussed in the following section, this approach can only deliver the intended longer-term certainty if automakers are confident EPA will not adopt an F-factor below 0.14 for MY2021 and later model years.

2. To ensure automakers receive the long-term certainty intended by EPA, the agency should clarify that 0.14 will serve as the floor for the F-factor through at least MY2025.

Automakers will continue to make decisions regarding future vehicle model offerings and production volumes based, in large part, on how and whether those vehicles help them achieve compliance with future CAFE and GHG standards.

Based on our discussion with automakers, it is clear that manufacturers will hesitate to invest in certain technologies, like FFVs, unless there is some assurance that those vehicles technologies will help enable CAFE and GHG standard compliance over multiple model years. Fuel blenders and retailers also need multi-year certainty regarding the likely mix of light-duty vehicles so that they may appropriately direct their investments in wholesale and retail fuel infrastructure. Thus, while we support EPA's decision to keep the MY2020 F-factor in place in the absence of new guidance, the possibility that EPA could issue new guidance with a lower F-factor for MY2021 (or later model years) means automakers and the fuel market still are not being provided the long-term certainty they seek with regard to FFVs.

For this reason, RFA believes that EPA should, through subsequent guidance, clarify that 0.14 is the floor for the F-factor through MY2025, and new guidance will only be issued if it *increases* the F-factor (as we believe is justified by alternative data sources and methodologies). This would provide investment certainty and assurance to automakers, fuel producers, and retailers that the F-factor will be stable or higher over the next five years.

3. Alternative data sources and analytical approaches suggest EPA's view of future E85 consumption is overly conservative and based on disputable assumptions.

In the current notice, EPA seeks comment on its draft methodology for determining the F-factor for MY2021 and later model years. The agency's methodology and data sources are outlined in a technical memorandum to the docket. As described below, data deficiencies have resulted in the gross underestimation of E85 consumption by EPA in the past, and those same deficiencies are present in EPA's technical memo. Analyses shared with EPA by RFA and others support an F-

factor of 0.2 or higher, and we again encourage EPA to consider that data and information when contemplating new F-factor guidance for MY2021 and beyond.

As stated in the technical memorandum to the docket, EPA's derivation of the F-factor hinges on three primary data inputs: 1) the projected amount of E85 and gasoline consumption by FFVs in future calendar years; 2) the population of FFVs in a given model year; and 3) the number of vehicle miles traveled for a given year of a model year vehicle's life. RFA offers the following comments on the first two of these three data inputs.

a. Projected amount of E85 and gasoline consumption by FFVs in future calendar years

EPA's technical memorandum states that the amount of projected E85 consumption is the most important variable in calculating the F-factor. However, as both EPA and the Energy Information Administration (EIA) have acknowledged, there are no quality data available on actual nationwide consumption of E85 and other flex fuels.¹ In addition, EPA's memo recognizes that EIA's data on E85 production has shortcomings that limit its usefulness.

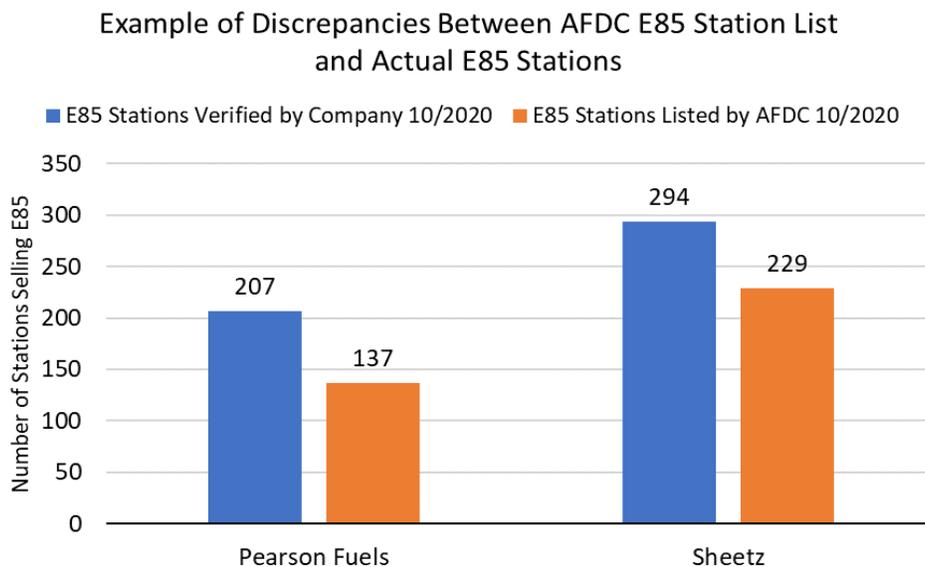
Thus, there are no dependable nationwide data available to help inform EPA's projections of future E85 consumption. The absence of reliable data sources on nationwide E85 consumption means EPA's draft F-factor methodology does not meet the agency's existing data and information quality standards, which are designed to "...ensure that the Agency's environmental decisions are supported by data of known and documented quality."²

In the absence of a nationwide data set, EPA has historically attempted to estimate nationwide consumption by extrapolating monthly or quarterly E85 sales data from just a handful of states. The Agency uses state-level E85 sales and station count data to derive an estimate of average sales volumes per station. EPA then multiplies that per-station volume by the number of E85 stations nationwide, as reported by the DOE's Alternative Fuels Data Center (AFDC). For 2018, this methodology resulted in a nationwide E85 sales estimate of 306 million gallons. However, as demonstrated in Appendix A, roughly 1,400 stations known to sell E85 today are missing from the AFDC E85 station count, leading to an inappropriately low EPA estimate of nationwide E85 sales. RFA's comprehensive database of E85 locations (available at e85prices.com) shows 5,084 stations selling E85 today compared to just 3,605 shown by AFDC. To illustrate the discrepancies between AFDC's station count, and the actual number of stations offering E85, RFA asked two leading E85 retailers—Pearson Fuels and Sheetz—to provide us their list of verified E85 stations, as of October 2020. Of the 207 Pearson stations currently

¹ See, for example, *Preliminary estimate of E85 consumption in 2018*; EPA Air Docket EPA-HQ-OAR-2019-0136; June 26, 2019. ("There are currently no comprehensive data sources on the amount of E85 sold in the United States. In a previous memorandum we discussed available data sources and methods for deriving E85 volume estimates. In that memorandum we indicated that data provided by the Energy Information Administration (EIA) cannot be used to derive nationwide, annual E85 volume estimates, since it excludes E85 produced at small blending facilities and E85 blended with reformulated gasoline at terminals.")

² <https://www.epa.gov/quality/about-epas-quality-system>

offering E85, AFDC was missing 70 from its database (34%). Of the 294 Sheetz stations currently offering E85, AFDC’s database was missing 65 (or 22%). This example strongly suggests that EPA should use other data sources for estimating the current and projected number of stations offering E85. Given that EPA has relied upon e85prices.com for other analyses³, we believe the agency should rely upon our station database, rather than AFDC, for its assumptions on E85 station counts.



More accurate E85 station count data are crucial to deriving a more reliable projections and estimates of nationwide E85 consumption, as EPA itself suggests that the “...primary driver of increases in E85 volumes is currently the number of retail stations capable of offering E85 and choosing to do so.” In addition, many of the E85 stations used for extrapolation in EPA’s most recent analysis are located in sparsely populated rural areas, meaning the E85 sales volumes from these stations are not likely to accurately represent average station sales volumes nationwide.

EPA’s technical memorandum also relies on E85 consumption projections from EIA’s 2020 Annual Energy Outlook (AEO). For all the reasons previously explained by RFA and other stakeholders (see, for example, comments from Fuel Freedom Foundation), we continue to believe EPA’s use of the 2020 AEO is inappropriate for development of E85 consumption projections.

Chief among the 2020 AEO’s flaws is its assumption that future Renewable Fuel Standard (RFS) volumes will be lowered due to small refinery exemptions (SREs) granted by EPA. A recent

³ See *Preliminary estimate of E85 consumption in 2016*, EPA Air Docket EPA-HQ-OAR-2017-0091, July 5, 2017; and *Updated correlation of E85 sales volumes with E85 price discount*, EPA Air Docket EPA-HQ-OAR-2016-0004, November 18, 2016

ruling by the U.S. Court of Appeals for the Tenth Circuit in *Renewable Fuels Association v. EPA* overturned several illegally granted SREs and set a precedent that is expected to severely limit or eliminate SREs going forward.⁴ Accordingly, EPA’s projections of total ethanol consumption should assume that RFS volumes are no longer eroded by SREs, as they were in 2016-2018. Given EPA’s own admissions that quality data are lacking to confidentially project future “real world” E85 consumption, it would be most reasonable to err on the side of supporting more robust production of FFVs. As discussed in the last section of these comments, FFVs advance the public policy objectives of reducing emissions, enhancing national energy security, and boosting rural economies.

b. Population of FFVs in a given model year

A second critical factor in developing future F-factors is the projected population of FFVs. Again, EPA relies primarily on AEO2020 for projections of the FFV population. However, the irony here is that the actual future population of FFVs will depend, in large part, on the F-factor value that is available in the near term to automakers for CAFE and GHG standard compliance calculations. EIA’s projected sales of FFVs appear insensitive to importance of the F-factor. A low F-factor would discourage automakers from producing more FFVs, reducing the overall population of FFVs over time. In turn, the smaller projected population of FFVs could lead to lower projected E85 consumption and a lower calculated F-factor, creating a downward spiral for FFV production. This scenario underscores the importance of EPA finalizing guidance that sets a long-term floor for the F-factor through MY2025.

4. EPA must also consider the policy justifications for adopting an F-factor of 0.2 or higher

In addition to reconsidering its data sources and methodological approaches, EPA should also take into account the multiple public policy justifications for adopting F-factors for future model years of 0.2 or higher. While the 2017-2025 CAFE/GHG rules adopted a requirement that FFV manufacturers demonstrate “actual usage” of alternative fuel in the vehicle, they also highlighted the need for automakers to pursue technologies that “[r]educ[e] petroleum consumption to improve energy security”, “save the U.S. money” and “[r]educ[e] climate change impacts.”⁵ E85 and other flex fuels:

- significantly reduce emissions of greenhouse gases and criteria pollutants, improving the environment and human health;
- save consumers money at the pump;
- displace gasoline made from imported petroleum, improving national security; and
- support increased demand for U.S. agricultural crops, boosting farm income and rural economies.

⁴ <https://www.ca10.uscourts.gov/opinions/18/18-9533.pdf>

⁵ 76 Fed. Reg. 75164-75165

The good policymaking principles of fairness and equity also support a more robust F-factor than is currently in place. Under the current CAFE/GHG program, EPA created an “incentive multiplier” for all battery electric vehicles (EVs), plug-in hybrid electric vehicles (PHEVs), fuel cell vehicles (FCVs) and compressed natural gas vehicles (CNGVs) sold in model year 2017-2021. In addition, EPA entirely ignored the upstream (well-to-tank “lifecycle”) emissions impacts of electricity production and set the emissions value for EVs at 0 grams of CO₂/mile. EPA further provided generous “utility factors” (analogous to the F-factor for FFVs) to dual-fueled CNGVs and PHEVs, assuming those vehicles will be fueled with the lower-GHG alternative fuel most of the time.

While we agree with EPA that automakers should be encouraged to produce vehicles that “[r]educ[e] petroleum consumption to improve energy security”, “save the U.S. money” and “[r]educ[e] climate change impacts,” we believe incentives to stimulate the production of such vehicles should be constructed fairly and consistently.⁶

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RFA is fully committed to collaborating with EPA and other industry stakeholders to help support the development of data and analytical approaches for determining an appropriate F-factor for MY2021 and beyond. Thank you for the opportunity to comment.

Sincerely,

Kelly Davis
VP Regulatory Affairs

⁶ 76 Fed. Reg. 75164-75165

E85 DATABASE COMPARISON WITH AFDC & E85PRICES.COM

Background:

The Renewable Fuels Association (RFA) owns and operates the crowd-sourced website – E85prices.com. This website tracks pricing data submitted by actual users or sellers of gasoline and ethanol-blended fuels and houses the most comprehensive E85 station locator in the country. It also helps users locate E15 and mid-level ethanol blends like E20 and E30.

The station database at E85Prices.com is considerably different than the E85 station database maintained by the Alternative Fuels Data Center (AFDC), which is used to determine many policy directions based on E85 availability and for predicting potential fuel usage in flex fuel vehicles (FFVs). While their current station counts differ by 30%, the following will explain why. It will also demonstrate that while the difference today is significant, that if some adjustments are made to methodology and frequency of spot checks, it would yield two nearly identical station counts.

Difference in Station Approval Process Methodology:

AFDC:

The AFDC team confirms each station in their database on an annual basis and removes any station that is no longer offering the fuel or is not reachable by their data collection subcontractor ICF and/or the local Clean Cities coordinator. This is done telephonically, and the station must confirm within two attempts. If the person answering the phone does not know the answer, or no one answers, the station is removed from the database. There is no additional follow-up.

RFA:

The RFA receives station information from various sources each day that relay new stations, closed stations and/or recommended changes to existing stations. The station information is submitted by ethanol advocates, trade associations, fuel retailers, Clean Cities Coalitions, AFDC, fuel suppliers, consumers and more. As just one example, E85prices.com currently has over 58,000 registered users and thousands more that simply utilize the website without registering. These consumers are truly E85 advocates and use the fuel and are an excellent source of station intelligence.

Regardless of the source, we verify the accuracy of the report by contacting the station, and by utilizing all available technology like Google Maps, the company's website and/or mobile app, their suppliers, other locators, user photos, user receipts and more. RFA can also see when prices are reported, which provide more information on history and the fuel's availability. Given the odds of uninformed employees answering calls to the various stations, or no one answering or

having the wrong number, RFA cannot simply rely on phone calls as the only option for verification.

Examples of Differences:

- In order to further highlight the issues with AFDC's approach, AFDC performed a complete crosscheck of the RFA data in 2016 to identify stations in the RFA database that were not in the AFDC database. AFDC reached out to all those missing stations and added any that they could confirm. In an AFDC report provided to RFA in June 2020, AFDC added two stations to their database that were added to RFA's database in 2012 and 2013. Despite a specific effort to contact and add new stations, the phone calls did not catch these two stations that have been operational for 7 and 8 years.
- In that same June 2020 report, AFDC advised RFA that a station in Fresno, CA and two more in Bakersfield, CA did not offer E85. RFA contacted all three, including their suppliers, and verified that they all indeed offer E85.
- In the AFDC report from July 2020, AFDC advised RFA that specific stations located in the following cities did not offer E85. RFA contacted these stations, and they have E85 available:
 - Montgomery, AL
 - Cold Spring, MN
 - Minneapolis, MN
 - Lidgerwood, ND
 - Mapleton, ND
 - Milbank, SD
 - Parkston, SD
- This month RFA received a complete station database from Pearson Fuels, an E85 supplier/retailer from California. Their database included 207 operational E85 stations. The RFA database was missing 11, and AFDC is missing 70.
- Also, this month, RFA compared station information from Sheetz, a fuel retailer from the East Coast. They currently offer E85 at 294 stations. The RFA database was missing 15, and AFDC is missing 65.

Conclusion:

As of today, the RFA database contains 5,084 stations, and AFDC contains 3,605. Combined, Pearson Fuels and Sheetz account for roughly 10% of the station count in either E85Prices.com or AFDC. AFDC is missing 27% of their combined stations. If we adjust the total AFDC station count, assuming this is their overall missing station rate, their total E85 station count would increase to 4,934, which is just 150 less than the current E85Prices.com count, a differential of

<5%. RFA would suggest that the E85Prices.com data is valid and is actually supported by the AFDC station count once their error rate is known and accounted for.